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OST-2006-24243-13

ORIGINAL

DEPARTMENT OF TRANSPORTATION

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D. C.

1989 NOV 09 PM 3:14

DOCKET SECTION

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In the Matter of :  
:   
Expanding International Air Services:   
Opportunities to More U.S. Cities :   
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46534

COMMENTS OF THE  
AIR TRANSPORT ASSOCIATION OF AMERICA

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November 9, 1989

UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C.

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Docket 46534

COMMENTS OF AIR TRANSPORT ASSOCIATION  
OF AMERICA

The Air Transport Association of America (ATA) on behalf of its members listed below\* hereby offers these comments concerning the proposal of the Department of Transportation to expand foreign air carrier services to more U.S. cities. The ATA member carriers provide virtually all of the U.S. flag combination services between U.S. cities and foreign destinations.

We take no position on the proposal beyond submitting these comments which reflect improvements we think must be made if the proposal were to be adopted. Several individual ATA members will be making additional comments.

"PROCOMPETITIVE AGREEMENTS"

The proposal has, as one of the elements for approval of authority to serve a new city, the requirement that the foreign government must have reached a "procompetitive agreement" with the United States. The words "procompetitive agreement" are not defined, and we believe they must be. In our opinion they should include at least the following elements:

1. Full route rights in the foreign country for U.S. carriers.
2. No capacity controls

\* Aloha Airlines, American Airlines, American Trans Air, Braniff, Continental Airlines, Delta Air Lines, DHL Airways, Eastern Air Lines, Evergreen International, Federal Express, Hawaiian Airlines, Midway Airlines, Northwest Airlines, Pan American World Airways, Southwest Airlines, Trans World Airlines, Trump Shuttle, United Airlines, United Parcel Service, and USAir.

3. Double disapproval pricing.
4. Freedom to change gauge flexibly.
5. Multiple designation rights assured.
6. No constraints on ancillary services involved in operating an international air transportation service. (Ground handling, currency remittances, computer reservations systems, and other ancillary services spelled out.)
7. An acceptable security regime.
8. Reasonable access to slots at airports, without discrimination.
9. Belgian-type charter rules

### THIRD COUNTRY TRAFFIC

The proposal states that service must not be to and from third countries. Thus, service to and from intermediate points is eliminated, as are flights to behind the foreign gateway with single flight numbers. However, the vast majority of connecting sixth freedom (behind the foreign gateway) traffic is a question. In introducing this proposal at the ATA/Georgetown University Symposium on October 5, Mr. Shane, on behalf of Secretary Skinner, made it quite clear that carriers relying on such traffic are ineligible for exemption authority.

The United States has entered into a number of bilateral agreements which are quite liberal. Certain foreign carriers under such bilaterals rely very much on citizens of other countries to fill their airplanes. It is no surprise, since these countries often have a different aviation economic philosophy from the U.S. Such countries support flag carriers which attempt to maximize profits as "international transporters", whether or not such countries have big and important commercial, tourism, or even political centers for travelers and shippers. While separating out services relying on third country traffic is appropriate, how this is to be accomplished should be stated more specifically.

In order to take advantage of this proposal the foreign carrier would be alleging that its intent is not to provide service to and from third countries and that, of course, is the U.S. intent. So, in order to insure that intentions become realities, the exemption authorization might be conditioned with safeguards so as to require the applicant:

- 1) not to advertise, distribute through any CRS or other market online connecting services involving third countries and the approved point, and
- 2) not to allow its ticket stock to be sold to provide transportation involving third countries and the approved point, either in conjunction or separately.

To enable the authorities and interested parties to evaluate the new point-to-point service, the filing of a monthly report of the true origin and destination on "lifted" coupons on all revenue passenger traffic carried between the approved point and the territory of the party designating the foreign carrier would help toward the enforceability of this concept. Of course, the possibility of double ticketing would be a problem. Some warning should be given that this type of scheme constitutes a violation and will not be tolerated. These reporting requirements should not be considered to be unduly burdensome.

#### REAL SERVICE VS. FREE TACKING

At the present time the cities which might receive the new foreign carrier service in the vast majority of cases, perhaps all cases, do receive one-stop service from a U.S. carrier connecting at a U.S. gateway with an on-line service, or with an interline U.S. or foreign carrier service, to the foreign destination.

We believe that the thrust of the DOT proposal is to give cities something they do not now have from U.S. carriers. Thus, the foreign airline should be required to fly to the new city non-stop. With existing aircraft types in use for international services, it would be possible for foreign air carriers to do this without committing large, wide body jet aircraft. Of course, the interested carrier would have to see if such a service would be within its own economic interest. Non-stop service to a foreign destination from a U.S. city would indeed bring new beneficial service to such a city. On the other hand, tacking on of foreign carrier service from an existing U.S. gateway to the new city would possibly cause a reverse outcome since existing U.S. carrier feed services from that city to the gateway serve domestic traffic and other connecting international traffic. If the loads on these domestic feed services are impaired, such carriers will have to consider whether reduction in services is required.

In the argument that U.S. CRS vendors have been having over the years with the Europeans, we have learned that the Europeans do not believe there is any merit to prefer on-line services over inter-line services. If that is so, we wonder

why the Europeans, at least, would think the DOT proposal allowing on-line one-stop services should be preferred over connecting services in this case.

Finally, processing by Federal inspection services at the first point of entry would make these flights very similar to connecting services available at the present time.

#### U.S. INSPECTION AGENCIES

The proposal to add new cities for foreign carriers strips away the usual time lag created by U.S. government internal consideration of possible route right changes, followed by intergovernmental negotiations, by announcing in advance that when conditions are met, the foreign airline will receive one year, but renewable, exemption authority. If the government does not intend to require non-stop service to a presently unserved city, a foreign airline could tack a small segment to the new city from a U.S. gateway already being served by that foreign carrier. This means the possibility of quick start-ups, and begs the question of whether the U.S. Government is ready for such speed.

Swift new operations by airlines are consistent with domestic deregulation, but they hardly fit international operations involving foreign air carriers. We believe that the Department must consider the work impact on the U.S. Customs Service, the Immigration and Naturalization Service, and the Department of Agriculture. These inspection agencies are stretched thin covering the present services. Such services must not be taken away from the present clearance process for passengers and freight.

#### REVIEW

If the Department goes ahead with its proposed program to give foreign air carriers access to new unnegotiated U.S. cities, the proposal should include some mechanism to review its effects on U.S. carriers. The proposal is unique in the history of international air transport. A review at a relatively close date, say one year to 18 months would be appropriate. The U.S. should bear in mind that there is a changing atmosphere in Europe when considering a review time. Abandonment or fine-tuning of the program may be warranted, depending on whether or not the program turned out to be highly successful and in the interest of the U.S. public and the U.S. airlines.

Respectfully submitted



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